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IN THE

Supreme Court of the United States

OCTOBER TERM, 1956

No. 310

FOURCO GLASS COMPANY, *Petitioner*

v.

TRANSMIRRA PRODUCTS CORP. and ROBERT ARONSTEIN, *Respondents*

On Writ of Certiorari to the United States Court of Appeals for the Second Circuit

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REPLY BRIEF FOR THE PETITIONER

The controlling facts and law, herein delineated, require a holding for petitioner and are in large part conceded by respondents.

I. Congress, in 1897, as a Matter of Policy, Now Perpetuated in Section 1400(b), Excepted Patent Infringement Cases From the General Venue Law and Enacted for the First Time a Special Patent Venue Statute, the Provisions of Which Were Maintained Without Change for Fifty Years and Were in Effect When the 1948 Act Was Adopted.

This fact is conceded by respondents who state:

> " . . . the Act of March 3, 1897, c. 395, 29 Stat. 695[13] . . . for the first time in this country's history made special provision for patent suits." (Res. Br. 12-13)
>
> "Section 1400(b) should be read for what it is:—one of several special sections . . . " (Res. Br. 3)[1]

It is *this* clearly expressed Congressional policy to place patent venue in a *special* category—a policy in effect continuously since 1897 and reaffirmed by Congress many times during that period—which is controlling in this case, and it is this policy, which at

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[1] Footnote 13 of respondents' brief, to which reference is made in the foregoing quotation, includes a reproduction of the 1897 Act and its successor, Section 48 of the 1911 Judicial Code, which "became Section 109, 28 U.S.C. (1926)". (Res. Br. 13, Note 13). Section 109 was, of course, the special patent venue statute in effect in 1948.

Respondents' brief, in numerous other places, acknowledges that venue in patent infringement cases had been controlled by a *special* venue statute from 1897 until the present, e.g., ". . . § 1400(b) . . . the special patent venue section . . ." (Res. Br. 5) "The 1897 Act first gave patent venue *special* treatment." (Res. Br. 44)

least as to corporations, is wholly vitiated by the ruling of the court below.[2]

Nor can justification for such vitiation be found in the argument of respondents that merely because the patent venue law may have been broader, in its inception in 1897, than was the general corporate venue law in effect at that time, Section 1400(b) must be judicially construed to effect a fundamental change in the scope of patent venue. Such an argument pointedly ignores the changes effected in the general venue law in the half century from 1897 to 1948. Indeed, essentially the same argument was accepted by the Court

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[2] As noted in petitioner's opening brief:

> "The effect of its decision to arbitrarily *restrict* the practical application of the second alternative of Section 1400(b) to *non-corporate* defendants is thus tacitly acknowledged by the court below. *But such restriction is squarely in the teeth of the intent of Congress, as positively reflected in the revisers' notes.*"

The second alternative of the predecessor act, Section 48 of the 1911 Judicial Code, expressly *included* corporate defendants. That provision stated that a patent infringement suit could be brought—

> "in any district in which the defendant, *whether a person, partnership or corporation,* shall have committed acts of infringement and have a regular and established place of business." (emphasis added)

The fourth paragraph of the revisers' notes pertinent to Section 1400(b) states that—

> "Words 'whether a person, partnership, or corporation' . . . were omitted as surplusage."

Thus, the intention of Congress *to insure the applicability and utility* of the second alternative in regard to *all classes of defendants, corporate or otherwise, was positively manifested.*" (Pet. Br. 23, 24)

of Appeals in *Melvin Lloyd Co.* v. *Stonite Products Co.*, 119 F. 2d 883, 887 (3d Cir. 1941), in support of its *erroneous* holding that the special patent venue statute was enlarged by Section 52 of the pre-1948 Judicial Code whereby the policy of Congress to maintain patent venue in a special category was to a significant extent vitiated. The Court of Appeals stated:

> "Our historical review reveals that Congress had always accorded to patent litigants a broader venue than that extended to other civil litigants. In the light of this legislative history it hardly seems likely that Congress intended by the Act of 1897 to withdraw from patent litigants the statewide venue which it had accorded from the beginning to all others."

This Court, in its decision *reversing* the Court of Appeals in *Stonite* at 315 U.S. 561, 565, 566 (1942) brought the issue sharply back into focus with the following observations:

> "The Act of 1897 was adopted to define the exact jurisdiction of the federal courts in actions to enforce patent rights and thus eliminate the uncertainty produced by the conflicting decisions on the applicability of the Act of 1887 as amended to such litigation. *That purpose indicates that Congress did not intend the Act of 1897 to dovetail with the general provisions relating to the venue of civil suits, but rather that it alone should control venue in patent infringement proceedings.*
>
> * * * * *
>
> ". . . Furthermore, the Act of 1897 was a restrictive measure, limiting a prior, broader venue. General Elec. Co. v. Marvel Rare Metals Co., 287 U.S. 430, 434, 435, 53 S.Ct. 202, 204, 77 L.Ed. 408; Bowers v. Atlantic, G. & P. Co., C.C., 104 F. 887; Cheatham Electric Switching Device Co. v.

Transit Development Co., C.C., 191 F. 727." (Emphasis added)[3]

Respondents argue, the findings of this Court in *Stonite* notwithstanding, that the special patent venue act must be fundamentally enlarged by judicial construction of Section 1400(b) "to dovetail", as to corporations, "with the general provisions relating to venue in civil suits." It is urged that such judicial enlargement is necessary to implement "modern"

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[3] As stated in petitioner's brief, one of the purposes of the 1897 Act was to avoid abuses resulting from the application of broad general venue provisions to patent infringement suits (Pet. Br. 4). The foregoing quotation from *Stonite* implicitly recognizes this purpose in reliance upon the analysis of Judge Coxe in *Bowers* v. *Atlantic, G. & P. Co.*, 104 Fed. 887, 889 (C.C. S.D. N.Y. 1900). Judge Coxe stated:

> "The abuses which this condition of affairs [under the 1875 Act] permitted were many and serious and it was largely to correct them that the Act of 1887-88 was passed. . . . The purpose of the Act being to narrow the federal jurisdiction, it may well be inferred that Congress intended to limit it as to all classes of actions, infringement suits included, *for in no branch were complaints of injustice and oppression more numerous. In this Congress failed* . . .
>
> * * * * * * *
>
> "The circuit courts [after the decisions of this Court in *In re Hohorst*, 150 U.S. 653, and in *In re Keasbey*, 160 U.S. 221] held that the Act of 1887 did not affect infringement suits and that the jurisdiction was *as broad as it had been before the passage* of that act. . . . Accordingly, *any district* where the defendant happened to be served, *no matter how distant from his home or place of infringement*, was a proper one in which to begin the action.
>
> "This was the situation when the Act of March 1897 was passed,—15 months after the decision in Re Keasbey & Mattison Co. The court is unable to discover anything in the cir-

venue policy by which a corporate defendant is subject to suit *where it creates liabilities.* (Res. Br. 6-18)

The true facts are that the "modern" policy of rendering a defendant amenable to suit in a jurisdiction where a liability is created had its inception in the first special patent venue act of 1897. As repeatedly acknowledged in respondent's brief, one of the main purposes of the bill which resulted in the 1897 Act was to "make possible patent suits *where defendants had located infringing businesses*"; in other words, where infringement liability was created. (Res. Br. 14, and notes 15, 16, 17 and 18, pp. 14-15).

Because the special patent venue law, now Section 1400(b), throughout the more than fifty years since its inception in 1897, has embodied the "modern" principles of fairness by subjecting infringement de-

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cumstances leading up to the passage of this act to aid the contention of the complainants that it broadened the jurisdiction of the circuit courts in patent causes . . .

". . . The Act of 1897 is in the nature of a compromise between the Act of 1875 and the Act of 1887; the former was too broad; the latter is too narrow." (Emphasis added)

Thus, it is clear that Congress, in making infringement defendants suable "where they had located infringing businesses" *restricted* patent venue with respect to the abusively broad general venue which, as *Stonite* makes clear, was then being applied. Further, Mr. Mitchell who reported the 1897 Act (quoted, Res. Br. 14, 15, note 16) stated that the patent bar agreed that the act not only defined but *limited* patent jurisdiction. After pointing out that an amendment making a defendant suable where he had infringed *or* where he had a place of business had been rejected and that *both* conditions must be met, Mr. Mitchell additionally stated that "under the line of decisions which permit his being sued *anywhere 'if found'*, this act . . . *limits* to that extent the jurisdiction of the court." 29 Cong. Rec. 1901 (1897).

fendants to suit *where they have created liabilities*, it has proved adequate and has not been materially changed either by judicial fiat or by legislation.

Quite in contrast, the statute governing corporate venue generally, for a time after its adoption in 1887-88, was construed by the lower Federal courts to authorize suits against corporations only in the state of incorporation. It was this venue provision narrowly construed which, as the court below stated, gave rise to a general conviction that it was "intolerable" because it kept "a corporation from being sued wherever it was creating liabilities" (R. 9, Res. Br. 7), and which occasioned the liberalizing decisions of this Court, including Neirbo Co. v. Bethlehem Shipbuilding Corp., 308 U.S. 165 (1939), which in effect enlarged general corporate venue pursuant to the "principles of fairness" which characterized the policy as to patent infringement suits embodied in the first special *patent* venue act of 1897.

Considered in light of these facts, respondents' contentions that enlargement of the scope of the special patent law, now Section 1400(b), by judicial fiat is essential to implement "modern venue policy", is without merit.

In the final analysis, respondents are reduced to arguing that the expression "regular and established place of business" employed in Section 1400(b) and in all special patent venue acts since 1897, does not satisfy "modern venue policy", whereas the expression "doing business" in Section 1391(c) does. Respondents urge that the patent venue provision is significantly narrower than the analogous provision of the general venue statute and—

"would prevent suit in districts where corporate defendants were doing business and infringing widely,[10] a result quite out of step with present-day standards of fairness.

[10] With current national distribution techniques it seems reasonable to expect that infringement is more likely to be found in a particular state than is a 'regular and established place of business'." (Res. Br. 10)

In the first place, such considerations are for Congress which has not seen fit to modify the special patent venue act in these respects. Certainly no Congressional modification of the patent venue law can be predicated on respondents' unsupported assertions in note 10. Moreover, in nine patent infringement cases, including the present case, initiated under the 1948 Code, there were no acts of infringement in the district in which suit was brought albeit the defendant was doing business, which created no infringement liability.[4]

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[4] *Ruth* v. *Eagle Picher Co.*, 225 F. 2d 572 (10th Cir. 1955); *C-O-Two Fire Equipment Co.* v. *Barnes*, 194 F. 2d 410 (7th Cir. 1952); *Fairhope Fabrics, Inc.* v. *Mohawk Carpet Mills, Inc.*, 140 F. Supp. 313 (D. Mass. 1956); *Clayton* v. *Swift & Company*, 132 F. Supp. 154 (E.D. Va. 1955); *Gulf Research & Development Co.* v. *Schlumberger Well Surveying Corp.*, 92 F. Supp. 16 (S.D. Cal. 1950); *Farr Co.* v. *Gratiot*, 92 F. Supp. 320 (S.D. Cal. 1950); *Rava* v. *Westinghouse Electric Corp.*, 90 F. Supp. 707 (S.D. N.Y. 1950); and *Nachtman* v. *Jones & Laughlin Steel Corp.*, 90 F. Supp. 739 (D. D.C. 1950). Further, in *Dalton* v. *Shakespeare*, 196 F. 2d 469, 470 (5th Cir. 1952), the court stated only that suit was brought "upon allegations that the defendant is doing business" in the district where suit was brought. The logical inference is that there was no allegation of infringement in such district.

In contrast, petitioner has been unable to locate a single case decided under the 1948 Code where the facts discernible from the opinion establish that venue would have been improper under Section 1400(b) because the defendant was doing business *and* had committed acts of infringement within the district where the suit was brought but had no regular and established place of business there.[5]

These facts demonstrate the adequacy of the special patent venue statute as enacted by Congress and negate any realistic substance in respondents' contention.

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[5] In *Denis* v. *Perfect Parts*, 142 F. Supp. 259 (D. Mass. 1956), the court held that the defendant was doing business by virtue of having a sales representative in the district but had no regular and established place of business there. It is not apparent from the opinion, however, whether infringing acts occurred in the district where suit was brought. In any event, it is at least arguable that the court erred in not holding that "a regular and established place of business" existed. The modern tendency of the courts is to refuse to unduly limit the terms "regular and established place of business". *Urquhart* v. *American-LaFrance Foamite Corp.*, 144 F. 2d 542 (D.C. Cir. 1944); *Shelton* v. *Schwartz*, 131 F. 2d 805 (7th Cir. 1942). Significantly, in *Shelton*, strongly relied upon by defendants at page 9 and again at page 28 of their brief, the court found that venue was proper because the defendant had a "regular and established place of business" and had committed acts of infringement within the district. The facts pointedly reflect that under this modern view, it is rare indeed that a corporation will be doing business and infringing by *making, using or selling* the patented invention in a particular district in the absence of a regular and established place of business. Moreover, any possible danger of "unfairness" arising from such a remote eventuality is far outweighed by the much greater "unfairness" to the defendant and inconvenience to the courts which results from the subjection of a corporation to a patent infringement suit in a state far removed from the alleged acts of infringement. (See Pet. Br. 33 *et. seq.*)

II. Pursuant to the Special Venue Statute First Enacted in 1897 and in Effect at the Time of the Recodification of the Judicial Code in 1948, Venue in Patent Infringement Suits Was Limited to (a) "the District of Which the Defendant Is an Inhabitant" or (b) "Any District in Which the Defendant, Whether a Person, Partnership, or Corporation, Shall Have Committed Acts of Infringement and Have a Regular and Established Place of Business".[6]

III. "Throughout the 50 Years From 1897 to 1948", the Special Patent Venue Statute "Was Consistently and Universally Held to Prohibit Suits in Patent Infringement Cases Against Corporate Defendants in a District in Which the Defendant Was Not Incorporated and Had Not Infringed But Was Merely Doing Business". (Pet. Br. 6-10)

We do not understand respondents, at pages 29-30 of their brief, to challenge the accuracy of the foregoing statement.[7] No authoritative case cited by the respondents found venue to be proper in a patent infringement suit brought between 1897 and 1948 in a district where (a) the defendant corporation was not incorporated and (b) *had not infringed* but was merely doing business.

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[6] The foregoing quotations, which are taken from the Act of 1897 and from Section 48 of the Judicial Code, appear also in footnote 13, page 13, of the respondents' brief and on page 8 of the petitioner's brief.

[7] Respondents' injection of the *Neirbo* decision into the case at this point is an obvious red herring designed to divert this Court's attention from the real issue presented by the present case; the principles of waiver expressed in *Neirbo* are not involved in the case before this Court. Moreover, as more fully developed hereinafter, the attempt to find support in the *Neirbo* decision for the proposition that Sections 1391(c) and 1400(b) must be read together is wholly without merit. Infra p. 24 *et seq.*

In *California Stucco Products* v. *National Gypsum Co.*, 33 F. Supp. 61, 63 (D. Mass. 1940) (Res. Br. 30), the court expressly stated:

> "The facts further showed alleged acts of infringement in Massachusetts. I understand that the defendant does not now rely on this ground as it does not argue it in its brief."

In *James P. Marsh* v. *United States Gauge Co.*, 129 F. 2d 161, 162 (7th Cir. 1942) (Res. Br. 30), the court stated:

> "Under the facts as found by the court, there can be no question but that the learned District Judge properly denied the motion to dismiss this suit for want of jurisdiction. The court found that there was a sale by defendant in Chicago; [a sale is an infringing act] that the defendant was licensed to do business in Illinois; and it maintained a 'regular and established place of business' in Chicago . . .
>
> * * * * *
>
> . . . We do accept [the findings of fact] because they are not only supported by the evidence but clearly established by proof."

Farval v. *Blaw-Knox,* 60 F. Supp. 900 (N.D. Ohio 1945) as so pointedly acknowledged by respondents (Res. Br. 30), was reversed by the Sixth Circuit Court of Appeals in *Blaw-Knox* v. *Lederle,* 151 F. 2d 973, 974 (6th Cir. 1945), which held that venue was improperly laid against the foreign corporate defendant, with the following cogent statement which was one of the last judicial expressions on the point prior to the 1948 Act:

> ". . . Section 48 of the Judicial Code, 28 U.S.C.A. § 109, is held to be the sole provision governing the venue of patent infringement litigation.

> Stonite Products Co. v. Melvin Lloyd Co., 315 U.S. 561, 62 S. Ct. 780, 86 L. Ed. 1026. It provides that in patent infringement suits the district court shall have jurisdiction in the district in which the defendant is an inhabitant, or in any district in which the defendant shall have committed acts of infringement and have a regular and established place of business. The petitioner is not an inhabitant of the Northern District of Ohio, and while it may have an established place of business there, it is neither charged nor found to have committed acts of infringement in Ohio . . ." (See Pet. Br. 9)

As asserted at page 9 of petitioner's opening brief, *the law exclusively controlling venue in patent infringement cases which Congress embodied in the Act of 1948 foreclosed venue in a district where a corporate defendant was not incorporated and had not infringed.*

IV. The Controlling Rules of Statutory Construction Require a Holding That the Special Patent Venue Statute, Section 1400(b), Preserves Without Change the Predecessor Statute in the Absence of Positively Expressed Congressional Intent to the Contrary. Anderson v. Pacific Steamship Co., 225 U.S. 187 (1912); DeSylva v. Ballentine, 351 U.S. 570 (1956). (Pet. Br. Sec. IIA, 10, 11).[8]

The authoritative character of this fundamental rule of statutory construction is, perforce, acknowledged by respondents. The controlling significance of this rule with respect to the present case is sharply delineated by respondents' feeble effort to distinguish it. Respondents, at page 44 of their brief, state:

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[8] The Sixth Circuit Court of Appeals has joined the Seventh and Tenth Circuits in the opinion that Section 1400(b) is not qualified by Section 1391(c). *Sunbeam Corp.* v. *Picard*, 227 F. 2d 596 (6th Cir. 1955).

> "Then it is urged that codifications do not produce any change of law in the absence of 'positively expressed Congressional intent to the contrary'. (Pet. Br. 10). But the 1948 Judicial Code was a revision, not just a codification; . . ."

The short answer is that this Court has expressly stated that this fundamental rule of construction is controlling with respect to *revisions* as well as *codifications* of prior law. In *Anderson, supra,* at p. 199, this Court stated:

> ". . . It will not be inferred that Congress, in *revising* and consolidating the laws, intended to change their effect, unless such intention is clearly expressed. United States v. Ryder, 110 U.S. 729, 740, 28 L. Ed. 308, 312, 4 S. Ct. Rep. 196; United States v. LeBris, 121 U.S. 278, 280, 30 L. Ed. 946, 7 S. Ct. Rep. 894; Logan v. United States, 144 U.S. 263, 302, 36 L. Ed. 429, 442, 12 S. Ct. Rep. 617; United States v. Mason, 218 U.S. 517, 525, 54 L. Ed. 1133, 1136, 31 S. Ct. Rep. 28." (Pet. Br. 10 (Emphasis added)

Judge Phillips in *Eagle-Picher* relied upon and was guided by this salutary rule of statutory interpretation in holding that Section 1400(b) did not effect the fundamental enlargement in patent venue contended for by respondents. 225 F. 2d 572, 575 (10th Cir. 1955).

Quite significantly, failure to follow this controlling rule of statutory construction is an error *common* to the contention of respondents and to decisions of the lower Federal tribunals which support that contention. It is apparent that a heavy burden to find clear Congressional intent to support a change is imposed upon any tribunal ruling that a revised or recodified

act fundamentally changes the prior law. It may generally be stated that each of the decisions supporting the contention of respondents "shifts the burden" and holds that a fundamental change *has necessarily been effected* in the special patent venue law by Section 1400(b) in the *absence of evidence to the contrary.*[9] Implicit in such rulings, of course, is the acknowledgment that no clear evidence can be found to support the proposition that Congress intended to make any change in the prior law, and hence application of the proper standards of interpretation requires a ruling that Section 1400(b) made no change in patent venue.[10]

In tacit acknowledgment that there is no evidence, in the legislative history or elsewhere, of positive Congressional intent to change the special patent venue

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[9] Judge Clark stated, "No reason appears, therefore, why we should strain to discover *unexpressed* exceptions to this beneficial principle [embodied in Section 1391(c)] which could so easily have been expressed, had they been intended". (R. 10) (Quoted at Res. Br. 9) (emphasis added). See also *Dalton* v. *Shakespeare,* 196 F. 2d 469, 472 (5th Cir. 1952), *Denis* v. *Perfect Parts,* 142 F. Supp. 259, 262 (D. Mass. 1956) and *Farr* v. *Gratiot,* 92 F. Supp. 320, 332 (S.D. Cal. 1950).

[10] Moreover such decisions ignore the principle that special venue statutes shall control over general. In *Stonite,* this Court, of course, reversed the lower court which indulged in the same type of fallacious reasoning, *viz.,* "That Congress considered [Sections 52 and 48] to be consistent with each other may fairly be inferred from the fact that they were incorporated into the Judicial Code . . . *without any suggestion that Section 52 which in terms applies to 'every suit' does not apply to a patent suit or that the venue for patent suits provided by Section 48 is to be deemed exclusive of the venue prescribed by Section 52* . . . ." 119 F. 2d 883, 886 (3d Cir. 1941). (Emphasis added)

law by the 1948 Act, respondents grasp for the only remaining straw at pages 44-45 of their brief and suggest that a "positively expressed Congressional intent" may be found in the "simple language of the statute".

In the first place, when the "simple language of the statute" is considered, the most significant fact is that *Section 1400(b) employs substantially the same language as the predecessor special patent venue statute.* Moreover, the reviser's notes, as demonstrated in petitioner's opening brief, permit no construction of Section 1400(b) which effects a material change in the prior law. Insofar as the substitution of the word "resides" in Section 1400(b) for the word "inhabitant" in the prior act is concerned, the reviser's notes clearly state that the words "inhabitant" and "resident" as respects venue are synonymous for the reason that both words, as respects venue, have repeatedly and consistently been held to mean domicile, and in regard to corporations, the state of incorporation only. See Section II B, 1(a), pages 16-20 of petitioner's opening brief for a thorough discussion of this point. *Hence, the application of Section 1400(b), which controls patent venue, considered alone, presents no problem.*

It is only when an effort is made, as did the court below, to "insert into" the special patent venue statute the provisions of the general corporate venue law that difficulty arises. It may be that the meaning of Section 1391(c) as a general venue provision is clear.[11]

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[11] Although respondents, in footnote 73, page 42 of their brief, purport to find even Section 1391(c) ambiguous on its face. If the proposition which respondents assert to be "arguable" is accepted, it is inconsistent with the characterization of Section 1391(c) as an "unlimited *defining* statute".

But respondents' contention that Section 1391(c) plainly qualifies Section 1400(b) begs the question before this Court.

A shibboleth to which resort is made in support of this contention, both by respondents and by the lower tribunals supporting their view, is the self-serving assumption that Section 1391 of Title 28 is merely a "definition" section. Reasoning from this specious assumption, it is urged that the statute requires the "definition" set forth in Section 1391(c) to be "read into" the special patent venue sections including Section 1400(b). For example, the court below first referred to the "applicable statutory definition of venue" (R. 6) and then held:

> "As was held with respect to earlier legislation [Section 1400(b)] should control here. *Stonite Products Co.* v. *Melvin Lloyd Co.*, 315 U. S. 561. Even so, that requires but the insertion in it of the *definition* of corporate residence from [Section 1391(c)]." (R. 6) (Emphasis added)

Respondents' argument is bottomed upon the same contention (e.g., Res. Br. 2, 3, 5, 6, 21), following specifically Judge Aldrich in *Denis* v. *Perfect Parts*, 142 F. Supp. 259 (D. Mass. 1956), who stated:

> "*Nor* is section 1391(c) a general act. It is not even a whole act. In terms, it is but *definitions* for the remaining sections of the chapter." (Res. Br. 21) (Emphasis added)

Such arguments flaunt the express language of the act. Section 1391, as is apparent from its very title, *viz.*, "Venue Generally", is a *general venue section* which is not applicable to special venue provisions—

as this Court affirmatively held in *Polizzi* v. *Cowles Magazines*, 345 U. S. 663, 665 (1953) (Res. Br. 8) as follows:

> "Section 1391 is a general venue statute. In a case where it applies, if its requirements are not satisfied, the District Court is not deprived of jurisdiction, although dismissal of the case might be justified if a timely objection to the venue were interposed. 28 U.S.C. (Supp. V) § 1406, 28 U.S.C.A. § 1406. But *even on the question of venue, § 1391 has no application* to this case because this is a removed action. The venue of removed actions is governed by 28 U.S.C. (Supp. V) § 1441(a) . . ." (Emphasis added)

Section 1391(c) does *not define* corporate residence for the purposes of all special venue statutes but merely qualifies its own meaning by stating that certain districts shall be regarded as the residence of a corporation for venue purposes.[12]

The widespread conflict in the lower Federal tribunals which this Court granted certiorari to resolve makes it self-evident that these issues are not so clearly resolved by the "simple language of the statute" that reference to the legislative history is foreclosed.

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[12] Moreover, even if Section 1391(c) is a general definition section, its applicability to Section 1400(b) is foreclosed by the rule of *Lawson* v. *Suwanee Fruit & Steamship Co.*, 336 U.S. 198 (1949) that a statutory definition may not be mechanically read into a specific provision of the same statute when obvious incongruities in the language of the specific provision are created and a major purpose thereof is destroyed. (Pet. Br. 31, *et. seq.*)

V. The Authoritative Legislative History Not Only Negates Congressional Intent to Modify the Predecessor Special Patent Venue Provisions But Reflects Clear Congressional Intent to Preserve Unchanged in Section 1400(b) the Prior Law.

As fully developed in petitioner's opening brief (Sec. II B, pp. 11-28), the legislative history including particularly the authoritative reviser's notes, reflects a clear and positive intent to preserve unchanged in Section 1400(b) the prior special patent venue law.

In an endeavor to find in the legislative history support for the contention that the 1948 Act fundamentally changed the half-century old special patent venue law, respondents do *not* rely primarily upon what is said in the *reviser's notes* which this Court has characterized as "authoritative in perceiving the meaning of the act";[13] and which form a part of the pertinent Congressional Committee Reports. Rather, respondents seek to find support for their position largely in isolated general statements made at hearings and in Congressional debate which are not persuasive and which serve only to confuse the precise issue at bar.

In the portion of the concurring opinion in *Schwegmann*, 341 U. S. 384, 395 (1951), *quoted by respondents* (Res. Br. 22, note 28), it is stated that reference to the legislative history should not be made "beyond Committee reports, which presumably are well considered and carefully prepared". Moreover, in the next paragraph, Mr. Justice Jackson continued: (p. 396)

> "[T]o select casual statements from floor debates, not always distinguished for candor or accuracy,

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[13] *United States* v. *National City Lines*, 337 U.S. 78, 81, 69 S. Ct 995 (1949).

> as a basis for making up our mind what law Congress intended to enact is to substitute ourselves for the Congress in one of its most important functions."

Despite this firm admonition, respondents refer only to a single Committee Report, *i.e.*, House Report No. 308, 80th Cong., 1st Sess., quotations from which appear on pages 26 and 29 of their brief. The quotation on page 26 emphasizes the fact that extensive suggestions were sought and received from the judiciary, the bar and educators. It is highly significant that there is no record of any suggestions received or consideration given by Congress to a change in patent venue. The quotation on page 29, in the final sentences, points out that:

> ". . . *minor changes* were made in the provisions regulating the *venue* of district courts in order to clarify ambiguities or to reconcile conflict. *These are reflected in the revisers' notes under Sections 1391-1406.*" (Emphasis added)

Apart from the reference to the single Committee Report, H.R. 308, all of the "legislative history" cited on pages 28 to 32 of respondents' brief falls within the category of unreliable materials rejected in the concurring opinion in *Schwegmann, supra.* (Res. Br. 22.)

Finally, when respondents do turn to the authoritative reviser's notes (Res. Br. 32), reliance is placed initially not upon what these notes state but rather upon what the notes do *not* state.[14] Respondents seek

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[14] Respondents' reliance on the cross reference in the Section 1400(b) reviser's note to the note on Sections 1391(a) and (b) (not 1391(c) as stated at Res. Br. 32) is fully answered in petitioner's main brief (Pet. Br. 17-20).

to support their case on the negative proposition that since the reviser's notes incident to Section 1391(c) do not refer to the enlargement in general corporate venue law which included that section, it is *not* unexpected that the notes did *not* refer to a Congressional intent to work a fundamental change in the special patent venue statute.

The first thirty-three pages of respondents' brief urge that the enlargement of general corporate venue effected by Section 1391(c) is one of the "important changes worked by the Judicial Code of 1948" and quotes Judge Clark of the court below characterizing this change as a "sharp break with ancient formulae". On page 32 of their brief, respondents quote Judge Huxman, dissenting in *Ruth* v. *Eagle-Picher Co.*, 225 F. 2d 572, 578-579 (10th Cir. 1955) to the same effect.

In *direct* contrast, respondents, in support of the proposition that "The change in corporate patent venue was not a 'controversial substantive' change", at page 34 of their brief blandly assert that the Congress in the 1948 Act, with respect to *both* the general corporate venue law and special patent law, was merely *"liberalizing both slightly"*.

The fundamental fallacy of respondents' position is sharply illuminated by the statement appearing on page 33-34 of their briefs as follows:

> "In perspective, a broadened patent venue can hardly be said to be more controversial than a *correspondingly* broadened general venue section of vastly wider applicability."[15]

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[15] A like statement appears on page 4 of respondents' brief. On page 45, however, respondents refer to the "clearly greater" change in Section 1391(c).

The *truth* is that the change effected in the general corporate venue law by Section 1391(c) and the change which respondents insist was effected in the special patent venue law by Section 1400(b) *do not "correspond"*. As the opening portions of respondents' brief so effectively show, the modern "realistic and fair" approach to the question of general corporate venue had been largely defined by this Court in *Neirbo, International Shoe* v. *Washington,* 326 U. S. 310 (1945), and other cases at the time the 1948 Act was passed. As respondents appear to acknowledge, as respects *general corporate venue,* substitution of "the modern 'doing business' test" for the waiver doctrine of *Neirbo* was in line with Judicial expression and Congressional policy repeatedly expressed prior to and during the 1948 recodification.

As Judge Biggs so aptly said in *Carlisle* v. *Kelly,* 175 F. 2d 414, 416 (3d Cir. 1949):

> ". . . the views of the Supreme Court expressed in its decisions were crystalized in Section 1391(c) of Title 28. . . . The language of the subsection is new but its essence is of the Schollenberger, Neirbo and Gulf Oil rulings."

Accordingly, the revisers properly considered that incorporation of the "doing business test" into Section 1391(c) did *not* effect any substantial or controversial change in general corporate venue. It appears that the revisers were accurate in their evaluation of this change as to corporate venue generally since no material controversy has resulted in the nine years since the 1948 Act was adopted.

Quite in contrast, however, is the situation which attended the special patent venue law at the time of the 1948 recodification. For fifty years, the courts

had repeatedly held that venue in patent infringement cases was not proper in a district where a corporate defendant was not incorporated and had not infringed. The change in the law which respondents seek to have this Court impute to Section 1400(b) is a fundamental enlargement of the special patent venue law as it had existed without deviation since the enactment of the first special patent venue statute in 1897. Such a change would indeed be controversial—the very contention that such a change was made in Section 1400(b) has given rise to one of the most widespread controversies on a venue question in recent years.

Respondents can find no comfort in the mere fact that the reviser's notes properly do *not* refer to the non-controversial "slight liberalization" implicit in Section 1391(c).

VI. The Collateral Arguments of Respondents are Without Merit.

Respondents, at page 19 of their brief, advance the argument that, if patent venue, defined in Section 1400(b), cannot be enlarged by insertion therein of the general venue provisions of Section 1391(c), patent cases cannot be subjected to provisions providing for transfer and joinder of unfair competition as contemplated by Sections 1338(b),[16] 1404 and 1406 —a *non sequitur* as so aptly demonstrated in the opinion of the Seventh Circuit Court of Appeals in *C-O-Two Fire Equipment Co.* v. *Barnes,* 194 F. 2d 410, 414 (1952), quoted in petitioner's main brief (pp. 27, 28).

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[16] As the reviser's note on Section 1338(b) makes clear, this section merely codifies the pre-existing rule in the Federal courts. Code Cong. Serv. Pamph. 1838.

At page 21 of their brief, respondents urge that since Section 1391(c) is applicable to declaratory judgment actions for invalidity and non-infringement, "no reason appears why a different rule should be applicable to a straightforward patent infringement suit" (Res. Br. 21). The short answer is that such a declaratory judgment action is not a "civil action for patent infringement" as contemplated by Section 1400(b). Moreover, such actions were held to be outside of the scope of the special patent venue statute prior to the enactment of the 1948 Code. *E. I. duPont de Nemours Co.* v. *Byrnes,* 101 F. 2d 14 (2d Cir. 1939); *Crosley Corp.* v. *Westinghouse,* 130 F. 2d 474 (3d Cir. 1942).

Equally misplaced is the reliance by respondents upon opinions expressed by Prof. Moore in his writings *subsequent* to the enactment of the 1948 Act (Res. Br. 21, note 25; 23, note 29; 36, note 61; 42, note 73). As forcefully pointed out by Judge Harrison in *Gulf Research & Development Co.* v. *Schlumberger Well Surveying Corp.,* 92 F. Supp. 16, 18 (S.D. Cal. 1950), Prof. Moore's more compelling assertions to Congress *prior* to the enactment of the Act were quite different. Judge Harrison, after referring to the writings of Prof. Moore, stated:

> "[Prof. Moore] as a paid consultant in testifying before Subcommittee No. 1 stated that: *'Venue provisions have not been altered by the revision.'* He then proceeds to point out certain changes applying to patent infringement cases. U. S. Code, Congressional Service (1948), p. 1969, Title 28 Pamphlet.
>
> "To say the least the two statements are inconsistent. Prof. Moore in a letter explaining the inconsistencies states in part, 'In brief, my House

statement was prepared on short notice and under pressure; my published writings are prepared after careful and extensive deliberation.'

"But the real question is: Did *Congress* intend to change the venue provisions in patent infringement cases where the defendant is a corporation? Professor Moore's statement before the Committee tended to establish that the revised section caused no change in existing law. The Committee relied and acted upon his testimony along with the testimony given by others. The hearings before the Committee clearly indicate that no change in venue statutes was contemplated by Congress except such changes as were expressly set forth in the Reviser's Notes." (Emphasis added)

Respondents also argue that one purpose of the 1948 Judicial Code was to resolve conflicts, and that Congress resolved a supposed conflict as to the applicability of the *Neirbo* waiver doctrine to patent infringement suits by rendering the special patent venue section 1400(b) subject to the general venue provisions of Section 1391(c) (Res. Br. 30). Since there was no expression of intent by Congress in adopting the 1948 Act to subject Section 1400(b) to either the *Neirbo* waiver doctrine or the provisions of the general corporate venue statute, Section 1391(c), respondents' argument is inapposite.

Moreover, as Judge Phillips so cogently stated in *Ruth* v. *Eagle-Picher*, 225 F. 2d 572, 577 (10th Cir. 1955):

"The principle of waiver announced in Neirbo Co. v. Bethlehem Shipbuilding Corp., supra, prior to the 1948 revision, was repeatedly held to be inapplicable to patent infringement cases. See Blaw-Knox Co. v. Lederle, 6 Cir., 151 F. 2d 973; Bulldog Electric Products Co. v. Cole Electric

Products Co., 2 Cir., 134 F. 2d 545 and Carbide & Carbon Chemicals Corp. v. United States Industrial Chemicals, Inc., 4 Cir., 140 F. 2d 47, wherein it was held that 28 U.S.C.A. § 109 was the sole provision governing the venue of patent infringement litigation."

In contrast with the precedents by which Judge Phillips was guided, respondents at page 30 of their brief advance *Farval* which was reversed by *Blaw-Knox, Marsh* which at best contains only dicta that is relevant, and *California Stucco Products*—the latter a District Court decision rendered in 1940, very shortly after *Neirbo* which was decided in 1939, and before the later and more authoritative rulings, such as *Blaw-Knox,* were rendered.[17]

It seems eminently sound to conclude that Congress, in resolving without comment any possible conflict with respect to the application of the *Neirbo* waiver doctrine to patent cases, adopted the view expressed by the weight of authority reflected in Judge Phillips' opinion in *Eagle-Picher.*

Moreover, as appears from a study of the decision, *Neirbo* decided merely that a corporation, by appointment of an agent for service of process pursuant to

[17] Significantly, the acts of infringement were committed within the district where suit was brought in *California Stucco,* and *Neirbo* was applied to find waiver only with respect to the requirement of the patent venue statute that a regular and established place of business be maintained. In respect to this point, the *California Stucco* case judged by modern standards, entrenched by 1948, would have resulted in a finding that a regular and established place of business existed. *Urquhart* v. *American-LaFrance Foamite Corp.,* 144 F. 2d 542 (D.C. Cir. 1944); *Shelton* v. *Schwartz,* 131 F. 2d 805 (7th Cir. 1942). Hence, a resort to *Neirbo* would be unnecessary.

state law as a prerequisite to the right of doing business in the state, effectively waived the benefits of Federal corporate venue provisions as to issues concerning which the Federal and state courts enjoy concurrent jurisdiction. The scope of the *Neirbo* waiver doctrine was clearly delineated at 308 U.S. 165, 171 (1939) as follows:

> "As to diversity cases, Congress has given the federal courts 'cognizance, *concurrent with the courts of the several states*'. Jud. Code § 24, 28 U.S.C.A. § 41. The consent, therefore, extends to any court sitting in the state *which applies the laws of the state.*" (Emphasis added)

Since patent infringement cases are not only exclusively within the Federal jurisdiction, but also are controlled as to venue by a Federal special venue statute, the soundness of the authorities cited in *Eagle-Picher* is apparent. It was clearly not the intent of Congress, either in the pre-1948 special patent venue law or in Section 1400(b) to subject Federal venue in patent infringement cases—subject matter over which the states have not the slightest degree of control—to the whims of state law.

VII. Conclusion

The decision of the court below should be reversed.

Respectfully submitted,

EDWARD S. IRONS
HAROLD J. BIRCH
Counsel for Petitioner

Of Counsel:

CHARLES B. JOHNSON
WILLIAM W. BECKETT
Burns, Doane, Benedict & Irons